

State of Missouri
Office of Secretary of State

Case No. AP-10-18

IN THE MATTER OF:

FARMINGTON INVESTMENT CORPORATION;
AND THOMAS TERRY,

Respondents.

Serve Farmington Investment Corporation at:
794 Market Street
Farmington, Missouri 63640

Serve Thomas Terry at:
3514 Griffith Road
Farmington, Missouri 63640

**ORDER TO CEASE AND DESIST AND ORDER TO SHOW CAUSE
WHY RESTITUTION, CIVIL PENALTIES AND COSTS SHOULD
NOT BE IMPOSED**

On May 28, 2010, the Enforcement Section of the Securities Division of the Office of Secretary of State (the "Enforcement Section"), through the Securities Division's Assistant Commissioner, Mary Hosmer, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Civil Penalties, Costs, and Restitution Should Not Be Imposed. After reviewing the petition, the Commissioner issues the following findings of fact, conclusions of law and order:

I. FINDINGS OF FACT

1. Respondent Farmington Investment Corporation ("FIC"), is a Missouri corporation organized on July 20, 1978, by Sherman Johnson ("Johnson"). Johnson served as the president of FIC until December 13, 2002. FIC engaged in the business of, among other things, making loans to individuals. FIC has a current business address of 794 Market Street, Farmington, Missouri 63640.
2. A check of the Central Registration Depository system ("CRD") indicates FIC has never been a registered broker-dealer or an investment adviser in Missouri.
3. Respondent Thomas Terry ("Terry") was president and sole owner of FIC from December 13, 2002, to September 30, 2008. Terry has a residential address at 3514 Griffith Road, Farmington, Missouri 63640.
4. A check of the CRD and records at the Missouri Securities Division indicate that Terry was never registered as an agent of a broker-dealer or issuer or as an investment adviser representative in Missouri.
5. On September 30, 2008, ownership of FIC was transferred to Tamra Albertina (formerly Hagermann) ("Albertina").
6. FIC Real Estate and Insurance Agency, Inc. ("FIC Insurance"), is a Missouri corporation

created on July 31, 1979. FIC Insurance is engaged in the insurance business. Terry was the president and sole owner of FIC Insurance at all times relevant to this matter. FIC Insurance is located at 794 Market Street, Farmington, Missouri and shares office space with FIC.

7. Mr. Cash, LLC ("Mr. Cash"), is a Missouri limited liability company created on November 18, 2003. Mr. Cash was engaged in the business of making loans. Mr. Cash had locations at 202 East Main Street, Park Hills, Missouri 63601 and at 801 Benham, Bonne Terre, Missouri 63628. Terry purported to be the owner of Mr. Cash and is the registered agent for service of process. Information received by the Enforcement Section indicates that Mr. Cash is no longer in operation.
8. Dough To Go, LLC ("Dough To Go"), is a Missouri limited liability company created on April 19, 2004. Dough to Go is engaged in the business of making loans and is located at 419 West Karsch Boulevard, Farmington, Missouri 63640. Terry became the sole owner of Dough To Go on or about May 13, 2009.
9. Nebel Insurance Agency ("Nebel"), was registered as a fictitious name in Missouri on August 2, 1990. Nebel Insurance was engaged in the insurance business. Terry purportedly purchased Nebel Insurance on or about 2005. Nebel Insurance was located at 208 North Division Street, Bonne Terre, Missouri 63628. The fictitious name registration for Nebel Insurance expired on October 17, 2009.
10. Bull's Custom Fitness, LLC ("Bull's Custom Fitness"), is a Missouri limited liability company created on April 8, 2005. Bull's Custom Fitness was engaged in the exercise and tanning business and located at 1029 West Main Street, Park Hills, Missouri 63601. Terry was the organizer of Bull's Custom Fitness. Information received by the Enforcement Section indicates that Bull's Custom Fitness is no longer in operation.
11. Umfleet Insurance Agency ("Umfleet Insurance"), was registered as a fictitious name in Missouri on June 15, 1998. Umfleet Insurance was engaged in the insurance business and was located at 809 East Karsch Boulevard, Farmington, Missouri 63640-3025. Terry purportedly purchased Umfleet Insurance in or around 2003. The fictitious name registration for Umfleet Insurance expired on October 17, 2009.
12. As used herein, the term "Respondents" refers to FIC and Terry.
13. From July 20, 1978, to September 2008, FIC offered and sold investment certificates in Missouri ("Investment Certificates"). Currently there are at least forty-two (42) investors holding in excess of one million dollars in these Investment Certificates.
14. FIC used a brochure to solicit investors that stated, among other things, the following:

FARMINGTON INVESTMENT CORPORATION

OFFERS

To Missouri Residents CERTIFICATES OF DEPOSIT

TERM	ANNUAL RATES
5 years	8%
4 years	7.5%
3 years	7%
2 years	6.5%
1 year	6%

Demand**5.5%**

MINIMUM INVESTMENT \$100
Offering made by Prospectus
(Emphasis in Original)

15. Under the provisions of the Investment Certificate, the investment would automatically renew if the investor did not provide written notice to FIC one year prior to any maturity date. The renewed Investment Certificate would be for the same length of time and would provide the rate of interest in effect at the time of renewal for the same maturity period as the original certificate. If an investor requested early redemption the certificate would be redeemed at the demand rate.
16. Since at least 1998, these Investment Certificates were sold by Johnson as president and Terry as secretary of FIC. After 2002, the Investment Certificates were sold by Terry who was the president and sole owner of FIC.
17. The money from the investors was used to finance consumer loans through FIC ("Consumer Loans").
18. Since Terry acquired FIC, the Investment Certificates have not been offered or sold pursuant to an effective registration statement.
19. Since at least 2006, investors have been told by representatives at FIC that there is no money to redeem the investments.
20. On April 7, 2010, Terry appeared before the staff of the Enforcement Section for an on-the-record examination. During questioning by representatives of the Enforcement Section, Terry stated, among other things, that:
 - a. Terry started working at FIC as the manager in 1984 or 1985;
 - b. as manager of FIC, Terry made Consumer Loans to individuals for cars, ATVs and musical instruments;
 - c. Terry became Secretary of FIC sometime between December 11, 1993, and December 12, 1994;
 - d. Terry bought FIC from Johnson in 2001;
 - e. in 2001, FIC had approximately two hundred (200) outstanding Investment Certificates with principal and interest owing in excess of two million dollars (\$2,000,000);
 - f. after 2001, Terry encouraged some investors to redeem their Investment Certificates;
 - g. Terry did not encourage all investors to redeem because "I didn't want to start a run on our money and, you know, be sitting there with---none;"
 - h. individuals that didn't redeem their Investment Certificates at maturity were renewed or issued new certificates; [\[1\]](#)
 - i. FIC charged annual interest of twenty-six point sixty-two percent (26.62%) on the Consumer Loans;

- j. in or around 2004, Terry quit making Consumer Loans because “we had so many problems with those [Consumer Loans];”
 - k. in 2004, Terry started borrowing money from FIC to start other businesses;
 - l. Terry borrowed over two hundred thousand dollars (\$200,000) from FIC for these businesses;
 - m. Terry never provided investors with information about FIC’s financial situation;
 - n. Terry never told investors how FIC was meeting its debt service;
 - o. FIC never had a plan to pay its debt service;
 - p. according to Terry, “[t]here’s never been a point in the history of [FIC] that they had the money to pay the total amount they owed;”
 - q. he sold FIC to Albertina for approximately two thousand dollars (\$2,000). Albertina was to pay FIC for this purchase;
 - r. Terry knew FIC could not meet its debt service at least one year prior to the sale of FIC to Albertina;
 - s. Terry continued to sign FIC checks for several months after he sold FIC to Albertina;
 - t. as of April 7, 2010, Terry still maintained FIC corporate records on his computer; and
 - u. when Terry sold FIC, it owed over 1.4 million dollars in principal and interest to investors.
21. From approximately September 30, 2003, to April 8, 2005, Terry borrowed in excess of two hundred thousand dollars (\$200,000) from FIC to buy or start other businesses. Terry stated he did not charge himself the twenty-six percent (26%) annual interest rate that FIC charged other borrowers. Terry stated during the on-the-record examination referenced above that he thought the annual interest rate he paid on his loans was approximately ten percent (10%).
22. Terry started the following businesses with funds Terry borrowed from FIC:
- a. Mr. Cash;
 - b. Bull’s Custom Fitness; and
 - c. Dough to Go.
23. Terry purchased the following businesses, in part, with funds Terry borrowed from FIC:
- a. FIC Insurance;
 - b. Nebel Insurance; and
 - c. Umfleet Insurance.
24. Terry described Mr. Cash as a payday loan business. Terry was unaware how much he borrowed from FIC to start Mr. Cash; however, Terry stated Mr. Cash still owes approximately ninety thousand dollars (\$90,000) to FIC.

25. Terry claimed that the loan from FIC to start Bull's Custom Fitness was paid back when Terry sold this business.
26. Terry started Dough To Go, another payday loan business, on or about March 30, 2004, using funds borrowed from FIC. Terry stated in the on-the-record examination referenced above that he thought he borrowed between twenty and thirty thousand dollars (\$20,000-30,000) from FIC to start Dough To Go. Terry claimed that these borrowed funds have been repaid to FIC.
27. Terry was unable to confirm the interest rate he paid on these loans, but thought that the interest rate was ten percent (10%) annually.
28. Terry stated FIC Insurance owes FIC approximately three hundred thousand dollars (\$300,000). FIC Insurance is not making any payments to FIC for the Investment Certificates.
29. Terry indicated FIC Insurance does not have the funds to pay off its debt to FIC and that FIC Insurance has had to lay off its employees.
30. Terry stated he purchased Nebel Insurance for approximately thirty thousand dollars (\$30,000) and Umfleet Insurance for approximately fifty thousand dollars (\$50,000) with funds borrowed from FIC.
31. Terry claimed he received no funds for his shares of stock. However, Terry stated, "[FIC] forgave the debt [Terry had a loan with FIC of approximately one-hundred twenty-nine thousand dollars (\$129,000)] in exchange for my stock."
32. Documents obtained by the Enforcement Section indicate there are at least forty-two (42) investors holding Investment Certificates with a face value of approximately one million ninety-seven thousand dollars (\$1,097,000).
33. On or about December 14, 1987, a twenty-eight (28) year-old resident of Park Hills, Missouri ("MR1") invested at least twenty-nine thousand dollars (\$29,000) with FIC. MR1 is currently fifty (50) years old. MR1 spoke to a representative of the Enforcement Section and stated, among other things, the following:
 - a. MR1 invested with FIC because it was paying a higher interest rate than the banks were;
 - b. MR1 was told by a representative of FIC that the money would be safe and nothing would happen to it;
 - c. MR1 was not told of any financial problems FIC had;
 - d. MR1 did not have any troubles withdrawing money from MR1's Investment Certificates in FIC until about September 2008;
 - e. In September 2008, MR1 requested funds from MR1's Investment Certificates in FIC to go on a trip and was told "no" by Terry. This was the first time MR1 had difficulty withdrawing funds; and
 - f. In May of 2009, MR1 wanted to withdraw some funds from Investment Certificates in FIC to pay for the wedding of MR1's daughter, and Terry said "no" to this request.
34. On or about July 13, 2008, a sixty-three (63) year-old resident of Park Hills, Missouri ("MR2") invested ten thousand dollars (\$10,000) in FIC. MR2 is currently sixty-five (65)

years old. MR2 spoke with a representative of the Enforcement Section and stated, among other things, the following:

- a. MR2's mother had purchased three Investment Certificates from FIC in the 1990s totaling approximately sixteen thousand six hundred dollars (\$16,600);
 - b. when MR2's mother died the Investment Certificates were signed over to MR2;
 - c. MR2 invested ten thousand dollars (\$10,000) with FIC on or about July 13, 2008;
 - d. MR2 did not know how the money MR2 invested in FIC was going to be used;
 - e. MR2 was not told about the risks of investing in FIC; and
 - f. MR2 was not told about the financial condition of FIC.
35. Sometime in October or September 2008, MR2 contacted Terry and asked how the stock market was affecting MR2's certificates. MR2 stated that Terry claimed, "this money [is] safe. I have five other businesses I can move money around in."
36. MR2 contacted representatives of FIC on or about January 28, 2009, to request her money. MR2 was told by representatives of FIC that FIC was not able to pay out any money.
37. In or around 1980, a resident of Farmington, Missouri ("MR3") and her spouse invested at least thirty-seven thousand dollars in FIC. MR3 is currently eighty-two (82) years old. MR3 stated to a representative of the Enforcement Section, among other things, that:
- a. MR3's parents had invested with FIC;
 - b. MR3 and MR3's spouse invested with FIC around 1980;
 - c. MR3 invested at least thirty-seven thousand dollars (\$37,000) with FIC;
 - d. MR3 was not aware of how FIC used MR3's investment and was never given a prospectus;
 - e. MR3's spouse, who served in the infantry during World War II and fought in the Battle of the Bulge, died in September of 2006; and
 - f. When MR3's spouse died, MR3 took an Investment Certificate to FIC to be redeemed. MR3 was told by the secretary at FIC that there was no money.
38. MR3 had to borrow four thousand dollars (\$4,000) from MR3's son to pay bills.
39. MR3 stated that, "I sold my home because I could not keep up with it any more. The money I had at FIC would have helped keep me in my home longer."

II. STATUTORY PROVISIONS

40. Section 409.6-601(a), RSMo. (Cum. Supp. 2009), provides that the Missouri Securities Act of 2003 "shall be administered by the commissioner of securities. . . ."
41. Section 409.1-102(1), RSMo. (Cum. Supp. 2009), defines "Agent" as "an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities or represents an issuer in effecting or attempting to effect purchases or sales of the issuer's securities. But a partner, officer, or director of a broker-

dealer or issuer, or an individual having a similar status or performing similar functions is an agent only if the individual otherwise comes within the term. The term does not include an individual excluded by rule adopted or order issued under this act.”

42. Section 409.1-102(26), RSMo. (Cum. Supp. 2009), defines “Sale” to include, “every contract of sale, contract to sell, or disposition of, a security or interest in a security for value.” That same section defines “offer to sell” as “every attempt to offer to dispose of, or solicitation of an offer to purchase, a security or interest in a security for value.”

43. Section 409.1-102(28), RSMo. (Cum. Supp. 2009), defines “security” as “a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest of participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or in general, an interest or instrument commonly known as a “security”; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.”

44. Section 409.1-102(17), RSMo. (Cum. Supp. 2009), defines “Issuer” as “a person that issues or proposes to issue a security . . .”

45. Section 409.3-301, RSMo. (Cum. Supp. 2009), states:

It is unlawful for a person to offer or sell a security in this state unless:

(1) The security is a federal covered security;

(2) The security, transaction, or offer is exempted from registration under sections 409.2-201 to 409.2-203; or

(3) The security is registered under this act.

46. Section 409.4-402(a), RSMo. (Cum. Supp. 2009), states:

It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this act as an agent or is exempt from registration as an agent under subsection (b).

47. Section 409.4-402(d), RSMo. (Cum. Supp. 2009), states:

It is unlawful for a broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this state, to employ or associate with an agent who transacts business in this state on behalf of broker-dealers or issuers unless the agent is registered under subsection (a) or exempt from registration under subsection (b).

48. Section 409.5-501, RSMo. (Cum. Supp. 2009), states:

It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

(1) To employ a device, scheme, or artifice to defraud;

(2) To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading; or

(3) To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

49. Section 409.6-604, RSMo. (Cum. Supp. 2009), states:

(a) If the commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or that a person has materially aided . . . an act, practice or course of business constituting a violation of this act . . . the commissioner may:

(1) Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act. . . .

(b) An order under subsection (a) is effective on the date of issuance. Upon issuance of the order, the commissioner shall promptly serve each person subject to the order with a copy of the order and a notice that the order has been entered. The order must include a statement whether the commissioner will seek a civil penalty or costs of the investigation, a statement of the reasons for the order, and notice that, within fifteen days after receipt of a request in a record from the person, the matter will be scheduled for a hearing. If a person subject to the order does not request a hearing and none is ordered by the commissioner within thirty days after the date of service of the order, the order becomes final as to that person by operation of law. If a hearing is requested or ordered, the commissioner, after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend it until final determination.

(c)

(d) In a final order under subsection (c), the commissioner may:

(1) Impose a civil penalty up to one thousand dollars for a single violation or up to ten thousand dollars for more than one violation;

(2) Order a person subject to the order to pay restitution for any loss, including the amount of any actual damages that may have been caused by the conduct and interest at the rate of eight percent per year from the date of the violation causing the loss or disgorge any profits arising from the violation;

(3) In addition to any civil penalty otherwise provided by law, impose an additional civil penalty not to exceed five thousand dollars for each such violation if the commissioner finds that a person subject to the order has violated any provision of this act and that such violation was committed against an elderly or disabled person. For purposes of this section, the following terms mean:

(A) "Disabled person", a person with a physical or mental impairment that substantially limits one or more

of the major life activities of such individual, a record of such impairment, or being regarded as having such an impairment;

(B) “Elderly person”, a person sixty years of age or older.”

(e) In a final order, the commissioner may charge the actual cost of an investigation or proceeding for a violation of this act or a rule adopted or order issued under this act. These funds may be paid into the investor education and protection fund.

....

III. CONCLUSIONS OF LAW

Multiple Violations of Offering and Selling Unregistered, Non-Exempt Securities

50. Paragraphs 1 through 49 are incorporated by reference as though fully set forth herein.
51. Respondents offered and sold a security as those terms are defined in Sections 409.1-102(26) and (28), RSMo. (Cum. Supp. 2009).
52. At all times relevant, records maintained by the Commissioner of Securities contained no registration, granted exemption or notice filing indicating status as a “federal covered security” for the investments offered and sold by Respondents.
53. Respondents violated Section 409.3-301, RSMo. (Cum. Supp. 2009), when they offered and sold securities in Missouri without these securities being (1) a federal covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-202, RSMo. (Cum. Supp. 2009), or (3) registered under the Missouri Securities Act of 2003.
54. Respondents’ actions in offering or selling securities that were not registered, exempt or a federal covered security constitute an illegal act, practice, or course of business and thus such actions are subject to the commissioner’s authority under Section 409.6-604, RSMo. (Cum. Supp. 2009).

Multiple Violations of Transacting Business as an Unregistered Agent

55. Paragraphs 1 through 49 are incorporated by reference as though fully set forth herein.
56. At all times relevant, records maintained by the Missouri Commissioner of Securities contained no registration or granted exemption for Respondent Terry to transact business as an agent in the State of Missouri.
57. Respondent Terry violated Section 409.4-402(a), RSMo. (Cum. Supp. 2009), when he offered or sold securities to investors in Missouri without being registered or exempt from registration as an agent.
58. Respondent Terry’s actions in transacting business as an unregistered agent constitutes an illegal act, practice, or course of business and thus such actions are subject to the commissioner’s authority under Section 409.6-604, RSMo. (Cum. Supp. 2009).

Multiple Violations of Employing an Unregistered Agent

59. Paragraphs 1 through 49 are incorporated by reference as though fully set forth herein.
60. Respondent FIC employed Respondent Terry who transacted business on behalf of FIC. These activities constitute transacting business in the State of Missouri.
61. Respondent FIC has not registered any agents in the State of Missouri.
62. Respondent FIC violated Section 409.4-402(d) RSMo. (Cum. Supp. 2009), when they employed an unregistered agent who transacted business in the State of Missouri.
63. Respondent FIC's actions of employing an unregistered agent who transacted business in this state constitutes an illegal act, practice, or course of business and such action is therefore subject to the commissioner's authority under Section 409.6-604, RSMo. (Cum. Supp. 2009).

Multiple Violations of Omitting to State Material Facts in Connection with the Offer or Sale of a Security

64. Paragraphs 1 through 49 are incorporated by reference as though fully set forth herein.
65. In connection with the offer, sale or purchase of a security, Respondent Terry omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:
 - a. that the Respondents were not registered to offer or sell securities in or from the State of Missouri;
 - b. that the securities were not registered in the State of Missouri;
 - c. that Terry had taken a loan from FIC to start Mr. Cash, a payday loan company;
 - d. that Terry had taken a loan from FIC to start Dough to Go, a payday loan company;
 - e. that Terry had taken a loan from FIC to start Bull's Custom Fitness;
 - f. that Terry had taken a loan from FIC to purchase Nebel Insurance;
 - g. that Terry had taken a loan from FIC to purchase Umfleet Insurance;
 - h. that Terry's loans to purchase these businesses were on more favorable terms than other Consumer Loans made by FIC;
 - i. that Terry had started other loan companies that were in competition with FIC;
 - j. facts or information regarding the financial condition of FIC;
 - k. facts or information on FIC's debt service;
 - l. information about the default rate on the Consumer Loans;
- m. that Terry stopped making Consumer Loans in 2004;
- n. that Mr. Cash, a company owned by Terry, owed FIC over ninety thousand dollars (\$90,000); or

o. that FIC Insurance, a company owned by Terry, owed FIC three hundred thousand dollars (\$300,000).

66. Respondent Terry violated Section 409.5-501, RSMo. (Cum. Supp. 2009), when, in connection with the offer, sale, or purchase of a security, he omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading.
67. Respondents' actions in omitting to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading constitute illegal acts, practices, or courses of business and thus such actions are subject to the commissioner's authority under Section 409.6-604, RSMo. (Cum. Supp. 2009).
68. This order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. See Section 409.6-605(b), RSMo. (Cum. Supp. 2009).

Order

NOW, THEREFORE, it is hereby ordered that Respondents, their agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this order are prohibited from:

- A. violating or materially aiding in any violation of Section 409.3-301, RSMo. (Cum. Supp. 2009) by offering or selling any securities as defined by Section 409.1-102(28), RSMo. (Cum. Supp. 2009), in the State of Missouri unless those securities are registered with the Securities Division of the Office of the Secretary of State in accordance with the provisions of Section 409.3-301;
- B. violating or materially aiding in any violation of Section 409.4-402(a), RSMo. (Cum. Supp. 2009), by transacting business as an unregistered agent;
- C. violating or materially aiding in any violation of Section 409.4-402(d), RSMo. (Cum. Supp. 2009), by employing an unregistered agent; and
- D. violating or materially aiding in any violation of Section 409.5-501, RSMo. (Cum. Supp. 2009), by, in connection with the offer or sale of securities, omitting to state a material fact necessary in order to make statements made, in light of the circumstances under which they were made, not misleading.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), the Commissioner will determine whether to grant the Enforcement Section's petition for an imposition of a civil penalty of up to ten thousand dollars (\$10,000) against each Respondent for multiple violations of Section 409.3-301, RSMo. (Cum. Supp. 2009), in a final order, unless Respondent FIC and Respondent Terry request a hearing and show cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), the Commissioner will determine whether to grant the Enforcement Section's petition for an imposition of a civil penalty of up to ten thousand dollars (\$10,000) against Respondent Terry for multiple violations of Section 409.4-402(a), RSMo. (Cum. Supp. 2009), in a final order, unless Respondent Terry requests a hearing and shows cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), the Commissioner will determine whether to grant the Enforcement Section's petition for an imposition of a civil penalty of up to ten thousand dollars (\$10,000) against Respondent FIC for

multiple violations of Section 409.4-402(d), RSMo. (Cum. Supp. 2009), in a final order, unless Respondent FIC requests a hearing and shows cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), the Commissioner will determine whether to grant the Enforcement Section's petition for an imposition of a civil penalty of up to ten thousand dollars (\$10,000) against Respondent Terry for multiple violations of Section 409.5-501(2), RSMo. (Cum. Supp. 2009), in a final order, unless Respondent Terry requests a hearing and shows cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, as the Enforcement Section has petitioned for an order of restitution, the Commissioner will determine whether to order Respondents FIC and/or Terry to pay restitution for any loss, possibly to include the amount of any actual damages that may have been caused by the conduct of Respondent FIC and/or Respondent Terry, and interest at the rate of eight percent per year from the date of the violation causing the loss, or disgorge any profits arising from the violation of Sections 409.3-301, 409.4-402 and 409.5-501, RSMo. (Cum. Supp. 2009), after review of evidence submitted by the Enforcement Section, in a final order, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), unless Respondent FIC and Respondent Terry request a hearing and show cause why this restitution or disgorgement should not be ordered.

IT IS FURTHER ORDERED that, as the Enforcement Section has petitioned for an award for the costs of the investigation against Respondent FIC and Respondent Terry in this proceeding, the commissioner will issue a final order, pursuant to Section 409.6-604(e), RSMo. (Cum. Supp. 2009), awarding an amount to be determined after review of evidence submitted by the Enforcement Section, unless Respondent FIC and Respondent Terry request a hearing and show cause why such award should not be made.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 2ND DAY OF JUNE, 2010.

ROBIN CARNAHAN
SECRETARY OF STATE

(Signed/Sealed)
MATTHEW D. KITZI
COMMISSIONER OF SECURITIES



State of Missouri
Office of Secretary of State

Case No. AP-10-18

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NOTICE

TO: Respondents and any unnamed representatives aggrieved by this Order:

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to Section 409.6-604(b), RSMo. (Cum. Supp. 2009), and 15 CSR 30-55.020.

Within fifteen (15) days after receipt of a request in a record from a person or persons subject to this order, the Commissioner will schedule this matter for a hearing.

A request for a hearing must be mailed or delivered, in writing, to:

Matthew Kitzi, Commissioner of Securities
Office of the Secretary of State, Missouri
600 West Main Street, Room 229
Jefferson City, Missouri, 65102.

CERTIFICATE OF SERVICE

I hereby certify that on this 2nd day of June, 2010, copies of the foregoing Order and Notice in the above styled case was mailed by certified U.S. Mail, postage prepaid, to:

Farmington Investment Corporation
794 Market Street
Farmington, Missouri 63640

Thomas Terry
3514 Griffith Road
Farmington, Missouri 63640

And hand delivered to:

Mary S. Hosmer
Assistant Commissioner
Securities Division

John Hale
Specialist

[1] Records obtained by the Enforcement Section indicate that FIC representatives renewed some of these Investment Certificates by manually crossing out the old maturity date and writing in a new maturity date. Terry signed the back of these altered certificates.

